

# HOUSE BILL No. 1585

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-9-18-4; IC 36-7-13.

**Synopsis:** Innkeeper's tax in CRED districts. Authorizes a third class city to apply for the designation of a community revitalization enhancement district (CRED) under provisions that currently apply only to first and second class cities. Allows a community revitalization enhancement district to capture county innkeeper's taxes in a district located in a county that has adopted an innkeeper's tax under the uniform county innkeeper's tax law.

**Effective:** July 1, 2005.

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**Cheney**

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January 18, 2005, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

## HOUSE BILL No. 1585

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-9-18-4 IS AMENDED TO READ AS FOLLOWS  
2 [EFFECTIVE JULY 1, 2005]: Sec. 4. (a) If a tax is levied under section  
3 3 of this chapter, the county treasurer shall establish a convention,  
4 visitor, and tourism promotion fund. ~~He~~ **Subject to IC 36-7-13, the**  
5 **county treasurer** shall deposit in this fund all amounts ~~he receives~~  
6 **received under that section 3 of this chapter.**

7       (b) In a county in which a commission has been established under  
8 section 5 of this chapter, the county auditor shall issue a warrant  
9 directing the county treasurer to transfer money from the convention,  
10 visitor, and tourism promotion fund to the commission's treasurer if the  
11 commission submits a written request for the transfer.

12       (c) Money in a convention, visitor, and tourism promotion fund, or  
13 money transferred from such a fund under subsection (b), may be  
14 expended only to promote and encourage conventions, visitors, and  
15 tourism within the county. Expenditures under this subsection may  
16 include, but are not limited to, expenditures for advertising,  
17 promotional activities, trade shows, special events, and recreation.

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(d) If before July 1, ~~1997~~, **2005**, a county issues a bond with a pledge of revenues from the tax imposed under section 3 of this chapter, the county shall continue to:

**(1) deposit taxes received under section 3 of this chapter in the fund established under this section; and**

**(2) expend money from the fund for that purpose until the bond is paid.**

SECTION 2. IC 36-7-13-10.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 10.1. (a) This section applies to a:

(1) first class city; ~~or~~

(2) second class city; **or**

**(3) third class city.**

(b) After approval by ordinance or resolution of the legislative body of a city described in subsection (a), the executive of the city may submit an application to an advisory commission on industrial development requesting that one (1) area within the city be designated as a district under section 12.1 of this chapter. However, the total number of districts designated in a city under this chapter after June 30, 2003, (excluding districts designated before July 1, 2003) may not exceed one (1).

SECTION 3. IC 36-7-13-10.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 10.5. (a) This section applies only to a county that meets the following conditions:

(1) The county's annual rate of unemployment has been above the average annual statewide rate of unemployment during at least three (3) of the preceding five (5) years.

(2) The median income of the county has:

(A) declined over the preceding ten (10) years; or

(B) has grown at a lower rate than the average annual statewide growth in median income during at least three (3) of the preceding five (5) years.

(3) The population of the county (as determined by the legislative body of the county) has declined over the preceding ten (10) years.

(b) Except as provided in section 10.7 of this chapter, in a county described in subsection (a), the legislative body of the county may adopt an ordinance designating an unincorporated part or unincorporated parts of the county as a district, and the legislative body of a municipality located within the county may adopt an ordinance designating a part or parts of the municipality as a district, if the legislative body finds all of the following:

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(1) The area to be designated as a district contains a building or buildings that:

(A) have a total of at least fifty thousand (50,000) square feet of usable interior floor space; and

(B) are vacant or will become vacant due to the relocation of the employer or the cessation of operations on the site by the employer.

(2) Significantly fewer persons are employed in the area to be designated as a district than were employed in the area during the year that is ten (10) years previous to the current year.

(3) There are significant obstacles to redevelopment in the area due to any of the following problems:

(A) Obsolete or inefficient buildings.

(B) Aging infrastructure or inefficient utility services.

(C) Utility relocation requirements.

(D) Transportation or access problems.

(E) Topographical obstacles to redevelopment.

(F) Environmental contamination or remediation.

(c) A legislative body adopting an ordinance under subsection (b) shall designate the duration of the district. However, a district must terminate not later than fifteen (15) years after the income tax incremental amount, **innkeeper's tax incremental amount**, or gross retail incremental amount is first allocated to the district.

(d) Except as provided in section 10.7 of this chapter, upon adoption of an ordinance designating a district, the legislative body shall submit the ordinance to the budget committee for review and recommendation to the budget agency. If the budget agency fails to take action on an ordinance designating a district within one hundred twenty (120) days after the date that the ordinance is submitted to the budget committee, the designation of the district by the ordinance is considered approved.

(e) Except as provided in section 10.7 of this chapter, when considering the designation of a district by an ordinance adopted under this section, the budget committee and the budget agency must make the following findings before approving the designation of the district:

(1) The area to be designated as a district meets the conditions necessary for the designation as a district.

(2) The designation of the district will benefit the people of Indiana by protecting or increasing state and local tax bases and tax revenues for at least the duration of the district.

(f) Except as provided in section 10.7 of this chapter, the income tax incremental amount, **the innkeeper's tax incremental amount**, and the gross retail incremental amount may not be allocated to the district

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until the designation of the district by the local ordinance is approved under this section.

SECTION 4. IC 36-7-13-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 12. (a) If a municipal or county executive has submitted an application to an advisory commission on industrial development requesting that an area be designated as a district under this chapter and the advisory commission has compiled and prepared the information required under section 11 of this chapter concerning the area, the advisory commission may adopt a resolution designating the area as a district if it makes the findings described in subsection (b), (c), (d), or (e). In a county described in subsection (c), an advisory commission may designate more than one (1) district under subsection (c).

(b) For an area located in a county having a population of more than one hundred twenty thousand (120,000) but less than one hundred thirty thousand (130,000), an advisory commission may adopt a resolution designating a particular area as a district only after finding all of the following:

- (1) The area contains a building or buildings:
  - (A) with at least one million (1,000,000) square feet of usable interior floor space; and
  - (B) that is or are vacant or will become vacant due to the relocation of an employer.
- (2) At least one thousand (1,000) fewer persons are employed in the area than were employed in the area during the year that is ten (10) years previous to the current year.
- (3) There are significant obstacles to redevelopment of the area due to any of the following problems:
  - (A) Obsolete or inefficient buildings.
  - (B) Aging infrastructure or inefficient utility services.
  - (C) Utility relocation requirements.
  - (D) Transportation or access problems.
  - (E) Topographical obstacles to redevelopment.
  - (F) Environmental contamination.
- (4) The unit has expended, appropriated, pooled, set aside, or pledged at least one hundred thousand dollars (\$100,000) for purposes of addressing the redevelopment obstacles described in subdivision (3).
- (5) The area is located in a county having a population of more than one hundred twenty thousand (120,000) but less than one hundred thirty thousand (130,000).

(c) For a county having a population of more than one hundred

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1 eight thousand (118,000) but less than one hundred twenty  
 2 thousand (120,000), an advisory commission may adopt a resolution  
 3 designating not more than two (2) areas as districts. An advisory  
 4 commission may designate an area as a district only after finding the  
 5 following:

6 (1) The area meets either of the following conditions:

7 (A) The area contains a building with at least seven hundred  
 8 ninety thousand (790,000) square feet, and at least eight  
 9 hundred (800) fewer people are employed in the area than  
 10 were employed in the area during the year that is fifteen (15)  
 11 years previous to the current year.

12 (B) The area contains a building with at least three hundred  
 13 eighty-six thousand (386,000) square feet, and at least four  
 14 hundred (400) fewer people are employed in the area than  
 15 were employed in the area during the year that is fifteen (15)  
 16 years previous to the current year.

17 (2) The area is located in or is adjacent to an industrial park.

18 (3) There are significant obstacles to redevelopment of the area  
 19 due to any of the following problems:

20 (A) Obsolete or inefficient buildings.

21 (B) Aging infrastructure or inefficient utility services.

22 (C) Utility relocation requirements.

23 (D) Transportation or access problems.

24 (E) Topographical obstacles to redevelopment.

25 (F) Environmental contamination.

26 (4) The area is located in a county having a population of more  
 27 than one hundred eighteen thousand (118,000) but less than one  
 28 hundred twenty thousand (120,000).

29 (d) For an area located in a county having a population of more than  
 30 two hundred thousand (200,000) but less than three hundred thousand  
 31 (300,000), an advisory commission may adopt a resolution designating  
 32 a particular area as a district only after finding all of the following:

33 (1) The area contains a building or buildings:

34 (A) with at least one million five hundred thousand  
 35 (1,500,000) square feet of usable interior floor space; and

36 (B) that is or are vacant or will become vacant.

37 (2) At least eighteen thousand (18,000) fewer persons are  
 38 employed in the area at the time of application than were  
 39 employed in the area before the time of application.

40 (3) There are significant obstacles to redevelopment of the area  
 41 due to any of the following problems:

42 (A) Obsolete or inefficient buildings.

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- 1 (B) Aging infrastructure or inefficient utility services.
- 2 (C) Utility relocation requirements.
- 3 (D) Transportation or access problems.
- 4 (E) Topographical obstacles to redevelopment.
- 5 (F) Environmental contamination.
- 6 (4) The unit has expended, appropriated, pooled, set aside, or
- 7 pledged at least one hundred thousand dollars (\$100,000) for
- 8 purposes of addressing the redevelopment obstacles described in
- 9 subdivision (3).
- 10 (5) The area is located in a county having a population of more
- 11 than two hundred thousand (200,000) but less than three hundred
- 12 thousand (300,000).
- 13 (e) For an area located in a county having a population of more than
- 14 three hundred thousand (300,000) but less than four hundred thousand
- 15 (400,000), an advisory commission may adopt a resolution designating
- 16 a particular area as a district only after finding all of the following:
- 17 (1) The area contains a building or buildings:
- 18 (A) with at least eight hundred thousand (800,000) gross
- 19 square feet; and
- 20 (B) having leasable floor space, at least fifty percent (50%) of
- 21 which is or will become vacant.
- 22 (2) There are significant obstacles to redevelopment of the area
- 23 due to any of the following problems:
- 24 (A) Obsolete or inefficient buildings as evidenced by a decline
- 25 of at least seventy-five percent (75%) in their assessed
- 26 valuation during the preceding ten (10) years.
- 27 (B) Transportation or access problems.
- 28 (C) Environmental contamination.
- 29 (3) At least four hundred (400) fewer persons are employed in the
- 30 area than were employed in the area during the year that is fifteen
- 31 (15) years previous to the current year.
- 32 (4) The area has been designated as an economic development
- 33 target area under IC 6-1.1-12.1-7.
- 34 (5) The unit has appropriated, pooled, set aside, or pledged at
- 35 least two hundred fifty thousand dollars (\$250,000) for purposes
- 36 of addressing the redevelopment obstacles described in
- 37 subdivision (2).
- 38 (6) The area is located in a county having a population of more
- 39 than three hundred thousand (300,000) but less than four hundred
- 40 thousand (400,000).
- 41 (f) The advisory commission, or the county or municipal legislative
- 42 body, in the case of a district designated under section 10.5 of this

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chapter, shall designate the duration of the district. However, a district must terminate not later than fifteen (15) years after the income tax incremental amount, **innkeeper's tax incremental amount**, or gross retail incremental amount is first allocated to the district.

(g) Upon adoption of a resolution designating a district, the advisory commission shall submit the resolution to the budget committee for review and recommendation to the budget agency. If the budget agency fails to take action on a resolution designating a district within one hundred twenty (120) days after the date that the resolution is submitted to the budget committee, the designation of the district by the resolution is considered approved.

(h) When considering a resolution, the budget committee and the budget agency must make the following findings:

(1) The area to be designated as a district meets the conditions necessary for designation as a district.

(2) The designation of the district will benefit the people of Indiana by protecting or increasing state and local tax bases and tax revenues for at least the duration of the district.

(i) The income tax incremental amount, **the innkeeper's tax incremental amount**, and the gross retail incremental amount may not be allocated to the district until the resolution is approved under this section.

SECTION 5. IC 36-7-13-12.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 12.1. (a) If the executive of a city described in section 10.1(a) of this chapter has submitted an application to an advisory commission on industrial development requesting that an area be designated as a district under this chapter and the advisory commission has compiled and prepared the information required under section 11 of this chapter concerning the area, the advisory commission may adopt a resolution designating the area as a district if it finds the following:

(1) That the redevelopment of the area in the district will:

(A) promote significant opportunities for the gainful employment of its citizens;

(B) attract a major new business enterprise to the area; or

(C) retain or expand a significant business enterprise within the area.

(2) That there are significant obstacles to redevelopment of the area due to any of the following problems:

(A) Obsolete or inefficient buildings.

(B) Aging infrastructure or ineffective utility services.

(C) Utility relocation requirements.

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- (D) Transportation or access problems.
- (E) Topographical obstacles to redevelopment.
- (F) Environmental contamination.
- (G) Lack of development or cessation of growth.
- (H) Deterioration of improvements or character of occupancy, age, obsolescence, or substandard buildings.
- (I) Other factors that have impaired values or prevent a normal development of property or use of property.

(b) To address the obstacles identified in subsection (a)(2), the city may make expenditures for:

- (1) the acquisition of land;
- (2) interests in land;
- (3) site improvements;
- (4) infrastructure improvements;
- (5) buildings;
- (6) structures;
- (7) rehabilitation, renovation, and enlargement of buildings and structures;
- (8) machinery;
- (9) equipment;
- (10) furnishings;
- (11) facilities;
- (12) administration expenses associated with such a project;
- (13) operating expenses; or
- (14) substance removal or remedial action to the area.

(c) In addition to the findings described in subsection (a), an advisory commission must also find that the city described in section 10.1(a) of this chapter has expended, appropriated, pooled, set aside, or pledged at least two hundred fifty thousand dollars (\$250,000) for purposes of addressing the redevelopment obstacles described in subsection (a)(2).

(d) The advisory commission shall designate the duration of the district. However, a district must terminate not later than fifteen (15) years after the income tax incremental amount, **innkeeper's tax incremental amount**, or gross retail incremental amount is first allocated to the district under this chapter.

(e) Upon adoption of a resolution designating a district, the advisory commission shall submit the resolution to the budget committee for review and recommendation to the budget agency. If the budget agency fails to take action on a resolution designating a district within one hundred twenty (120) days after the date that the resolution is submitted to the budget committee, the designation of the district by

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the resolution is considered approved.

(f) When considering a resolution, the budget committee and the budget agency must make the following findings:

(1) The area to be designated as a district meets the conditions necessary for designation as a district.

(2) The designation of the district will benefit the people of Indiana by protecting or increasing state and local tax bases and tax revenues for at least the duration of the district.

(g) The income tax incremental amount, **the innkeeper's tax incremental amount**, and the gross retail incremental amount may not be allocated to the district until the resolution is approved under this section.

SECTION 6. IC 36-7-13-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 13. (a) If an advisory commission on industrial development designates a district under section 12 or 12.1 of this chapter or if the legislative body of a county or municipality adopts an ordinance designating a district under section 10.5 of this chapter, the advisory commission, or the legislative body in the case of a district designated under section 10.5 of this chapter, shall send a certified copy of the resolution or ordinance designating the district to the department of state revenue by certified mail and shall include with the resolution a complete list of the following:

(1) Employers in the district.

(2) Street names and the range of street numbers of each street in the district.

(b) The advisory commission, or the legislative body in the case of a district designated under section 10.5 of this chapter, shall update the list:

(1) before July 1 of each year; or

(2) within fifteen (15) days after the date that the budget agency approves a petition to modify the boundaries of the district under section 12.5 of this chapter.

(c) Not later than sixty (60) days after receiving a copy of the resolution or ordinance designating a district, the department of state revenue shall determine the gross retail base period amount, **the innkeeper's tax base period amount**, and the income tax base period amount.

(d) Not later than sixty (60) days after receiving a certification of a district's modified boundaries under section 12.5(c) of this chapter, the department shall recalculate the gross retail base period amount, **the innkeeper's tax base period amount**, and the income tax base period amount for a district modified under section 12.5 of this chapter.

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SECTION 7. IC 36-7-13-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 14. (a) Before the first business day in October of each year, the department shall calculate the income tax incremental amount, **the innkeeper's tax incremental amount**, and the gross retail incremental amount for the preceding state fiscal year for each district designated under this chapter.

(b) Not later than sixty (60) days after receiving a certification of a district's modified boundaries under section 12.5(c) of this chapter, the department shall recalculate the income tax incremental amount, **the innkeeper's tax incremental amount**, and the gross retail incremental amount for the preceding state fiscal year for a district modified under section 12.5 of this chapter.

SECTION 8. IC 36-7-13-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 15. (a) If an advisory commission on industrial development designates a district under this chapter or the legislative body of a county or municipality adopts an ordinance designating a district under section 10.5 of this chapter, the treasurer of state shall establish an incremental tax financing fund for the district. The fund shall be administered by the treasurer of state. Money in the fund does not revert to the state general fund at the end of a state fiscal year.

(b) Subject to subsection (c), the following amounts shall be deposited during each state fiscal year in the incremental tax financing fund established for the district under subsection (a):

(1) The aggregate amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in the district, until the amount of state gross retail and use taxes deposited equals the gross retail incremental amount for the district.

(2) The aggregate amount of state and local income taxes paid by employees employed in the district with respect to wages earned for work in the district, until the amount of state and local income taxes deposited equals the income tax incremental amount.

**(3) The aggregate amount of county innkeeper's taxes remitted under IC 6-9-18 by businesses operating in the district, until the amount of county innkeeper's taxes deposited equals the innkeeper's tax incremental amount.**

(c) The aggregate amount of revenues that is:

(1) attributable to:

(A) the state gross retail and use taxes established under IC 6-2.5; ~~and~~

(B) the adjusted gross income tax established under IC 6-3-1 through IC 6-3-7; and

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**(C) a county innkeeper's tax established under IC 6-9-18;  
and**

**(2) deposited during any state fiscal year in each incremental tax financing fund established for a district; may not exceed one million dollars (\$1,000,000) per district designated under section 10.5 or 12 of this chapter and seven hundred fifty thousand dollars (\$750,000) per district for a district designated under section 10.1 or 12.1 of this chapter.**

**(d) On or before the twentieth day of each month, all amounts held in the incremental tax financing fund established for a district shall be distributed to the district's advisory commission on industrial development for deposit in the industrial development fund of the unit that requested designation of the district.**

**SECTION 9. IC 36-7-13-21 ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 21. As used in this chapter, "innkeeper's tax base period amount" means:**

**(1) the aggregate amount of the county innkeeper's taxes remitted under IC 6-9-18 by the businesses operating in the territory comprising a district during the full state fiscal year that precedes the date on which:**

**(A) an advisory commission on industrial development adopts a resolution designating the district, in the case of a district that is not described in section 12(c) of this chapter; or**

**(B) the legislative body of a county or municipality adopts an ordinance designating a district under section 10.5 of this chapter;**

**(2) an amount equal to:**

**(A) the aggregate amount of the county innkeeper's taxes remitted:**

**(i) under IC 6-9-18 by the businesses operating in the territory comprising a district; and**

**(ii) during the month in which an advisory commission on industrial development adopts a resolution designating the district; multiplied by**

**(B) twelve (12);**

**in the case of a district that is described in section 12(c) of this chapter; or**

**(3) an amount equal to the amount determined under subdivision (1) or (2); plus:**

**(A) the aggregate amount of the county innkeeper's taxes**

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remitted:

(i) under IC 6-9-18 by the businesses operating in the territory added to the district; and

(ii) during the month in which a petition to modify the district's boundaries is approved by the budget agency under section 12.5 of this chapter; multiplied by

(B) twelve (12);

in the case of a district modified under section 12.5 of this chapter.

SECTION 10. IC 36-7-13-22 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 22. As used in this chapter, "innkeeper's tax incremental amount" means the remainder of:**

(1) the aggregate amount of the county innkeeper's taxes that are remitted under IC 6-9-18 by businesses operating in a district during a state fiscal year; minus

(2) the innkeeper's base period amount;

as determined by the department of state revenue under section 14 of this chapter.

SECTION 11. IC 36-7-13-23 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 23. The innkeeper's tax incremental amount may be expended or pledged only to promote and encourage conventions, visitors, and tourism within the district. Expenditures permitted under this section may include, but are not limited to, expenditures for:**

(1) the construction or rehabilitation of hotel rooms;

(2) advertising;

(3) promotional activities;

(4) trade shows;

(5) special events; and

(6) recreation.

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